

Municipal Council/Finance Committee Joint Meeting
Wednesday, May 24, 2006
Town Hall Auditorium
7:00 p.m.

Public Hearing opened at 7:10 p.m. to hear the Whittier School budget.

Attending: Councilor Thone, Councilor McClure, Councilor Brennick, Councilor Lindstrom, Councilor Lawrence, Councilor King, Councilor Benson

Councilors Lavoie and Pinerio had excused absences.

Councilor Lawrence asked Councilor Brennick for the Finance Committee recommendation.

Councilor Brennick stated that the recommendation is to turn down the budget as presented and discharge back to the Council.

Councilor Lawrence asked for any additional comments from the committee and invited Karen Sarkesian to the podium to speak.

Mrs. Sarkesian: I hoped that the Finance Committee would have given us the opportunity to go through the budget line item by line item so that questions could have been answered because looking at a budget may not be what it seems to be due to transfers to other areas. My salary was \$145,000.00 last year and it was not listed in the budget book that way because it was not voted and the contract was not done at the time in January. My salary for next year is \$150,000.00 and the salary increase is 3.4%. I want to thank Mario because he did call me and it was his suggestion that I bring and show the salaries. I understand how there could be confusion but we could only answer to what was budgeted at the time last year and what the actual figures are coming up to that. What you have before you are actual salaries in 2005 and what we know so far in 2006. We used to make more money under school choice. This year we had a transfer of \$463,000.00 from school choice in the general fund. We are taking more students in the school district and less school choice. When that happened, school choice had paid a lot of the benefits that would come under another line item. That got transferred under salary. Next year we will make sure we do a separate line item. So when you see my salary as \$156,000.00 the \$6,000.00 is additional benefits. Also if you look down further in any of the administrative columns there are figures that have the minus parentheses around them; since we are one of three schools in Massachusetts that runs our own bus company, we get reimbursed for part of our salary for running the transportation.

The questions on capital costs and E & D; if you are a regional school you are encouraged to keep 5% of your money in an excess and deficiency account. What we use that money for is if an emergency happens, I don't have a city or town to go to and say I need you to get a bond for me and get a roof. What has happened in the past; the communities have been very generous and supported 2 bonds with us as well. What we did this year, we knew we had to do our science labs over. It is \$1.2 million and the

students are doing a lot of the work. We did not want to come to the communities and ask for another bond. We have never in the 16 years that I have been superintendent have asked anybody for an override. What the committee did was take the money out of the E & D account. We try to leave that account at 3.5% so in case we need a bond and it affects our bond rating and right now it is at 1.5%. So, just like a city or municipality, that is the money that we have to go to for an emergency and it is lowered. Our increase in our budget and our assessment is 6%. If we didn't have those shifts going on with the school choice it would have been about 4%.

As far as the increase for Amesbury, the state increased your net school spending requirement by \$70,769.00. We have no control over that. That happens even before we start the budget.

Everyone asks; what would be the process if the budget gets voted down? If the budget gets voted down then it gets resent out to the communities and the communities have 45 days to have a town meeting or a meeting as the city council to vote the budget. If it isn't done in 45 days it is an automatic yes. I would also like to remind you that every year we have to do the budget in January/February. We use the state figures that we have. When June comes around and we have the final school committee meetings I can't remember a year when we didn't cut it further. I anticipate going in with our Senate numbers and cutting another \$100,000.00 or asking them to do that as well at our meeting. You are less than 10% of the budget so if it gets cut \$100,000.00 your costs will be reduced by \$10,000.00. You are our second largest community in our district with 88 students and you are approximately 10% of the budget.

Councilor Benson: What did you say the bottom line increase in the budget was?

Mrs. Sarkesian: The assessment is 6%. You have to put numbers in the budget like the \$500,000.00 even though the communities are not going to have to spend money on that to show it in the budget book process. When you are a region, everybody wants to know what is the assessment, how much higher this year from last year. What we have this year is basically a \$1 million swing. We have \$500,000.00 to do our building over for our science labs which have never been done and also the loss of money from the school choice which has been a good ride for all of the communities at this time. That is the major shift that you have seen in our budget this year. We are hoping that next year to do the second piece of the science project and fill in all of the details.

Councilor McClure: Do we actually have 88 students? Is that a real number?

Mrs. Sarkesian: Yes; that is the October 1 figure which all of our budgets are based upon; the enrollment at that time.

Councilor McClure: If none of these numbers are real, how are we expected to work on this? Is the cost to the Amesbury Community, \$12,980.70 per student? Is that a real number?

Mrs. Sarkesian: If you were to divide your assessment figure which is \$1,142,566.00 by 88 students, that is how you would determine your per student amount. That figure is

correct. I would expect that to be reduced by the end of the school year. When we put the budget together, we have the Governor's version of state aid. Going through the process we get the House version now we have the Senate version. As that goes through we can only deal with the state aid that we are dealing with at that time to make those decisions. Also, Vocational education is 2 to 2 ½ times more expensive than traditional education. Sixty percent of our budget is salaries and comprehensive schools are usually closer to 85%. It is just a distinction of how the programs are different. Also as well, Regional, Vocational, Technical Schools have a higher percentage of special needs students and additional costs in that area as well. Our special ed. figures usually run around 22%. Traditional High Schools is usually 10% or less and the Amesbury percentage of special needs students is over 27%.

Councilor Lindstrom: Can you explain to me the issue with the transportation that is in parentheses by the salaries as opposed to what I am seeing for salaries in the transportation?

Mrs. Sarkesian: That means that percent which is about 5% that we get reimbursed in transportation because we run our own bus company.

Councilor Lindstrom: You have more transportation costs on page 7. How does the amount in the parentheses beneath salaries figure into the transportation that is on page 7.

Mrs. Sarkesian: Kevin can explain that better but one is the transportation costs for the cost of doing the transportation and the other things are part of the salaries that you can charge off for reimbursement.

Kevin Mahoney: If you look at page 4 you will see the Assistant Superintendent \$147,250.00; you will note that the amount that is in parentheses is 10% of that base salary. We allocate 10% of that individual's time to bus supervision. We allocate 15 percent of my time, the Business Manager and 5% of the Superintendents time for bus supervision. All of those in parentheses then get added up and get placed on page 7, the line supervision from account 52164 which is under the 3310.1 and the reason we do that is as the Superintendent mentioned, as a regional school district, we receive a percentage of our costs as reimbursement from the state and therefore we need to account for the supervisory portion of our salaries attributed to transportation so that we can capture those costs reports them and receive reimbursement. It is not 100% reimbursement; it is varied subject to appropriation at the state level. The most recent reimbursement was about 75% of our costs.

Councilor King: Can you review the process if the budget is rejected?

Mrs. Sarkesian: If we have 4 communities that vote no it would go back to the school committee and they would review it to reduce it and send it back out. The communities have 45 days to vote on that budget. If the town does not meet within 45 days it is considered a yes vote.

Councilor King: When does the 45 day clock start ticking?

Mrs. Sarkesian: I believe the 45 day clock starts ticking as soon as the school committee sends out a new figure; the day we adopt a new figure.

Michael Gilbert, Chairman of the Whittier School Committee: There are a couple of things that I just want to point out to the Council. The first, in terms of how this budget came to be in terms of the assessment amounts, much of the fault if there is any for this lies with the state as opposed to the Whittier School Committee. The School Committee has gone through its process and gone through its budget and making sure keeping in mind the costs to the taxpayers as well as the needs of the students at the school. Two factors really came into play as we allocated the assessments. The first is that the state changed the Chapter 70 formula in the House, in the Senate and the Governors budget. The change in the formula that affected this was the change to ability to pay in the Chapter 70 formula. The foundation budget pretty much remained the same but the ability to pay piece changed. Prior to this FY07 budget, that ability to pay was based primarily on property value only. The municipal revenue growth factor which measures your growth in local revenue is simply applied to the prior year's allocation. That was not the case in the FY07 budget. The state decided that it was going to take income into account as well as property values in each of the communities and provide a weight to that in the process. That changed dramatically, the minimum required contributions for a number of the communities who are members of the Whittier district; most significantly, Georgetown, Newburyport, and Amesbury as well. At the time the original formula was written, these communities were not considered affluent communities but under the current income levels that appear from the 2003 state tax returns, they do show to be somewhat more affluent than they were at that time. That made a significant change in the minimum required contributions. Everything beyond the minimum required contribution is done on a per student basis. One thing you may notice is that in terms of the number of students in each community, there has been a shift. Many of the communities other than Haverhill have seen over the last two to three years, increases in the number of students from their communities including Amesbury that are attending Whittier. We have seen fewer students from Haverhill. That has effectively reduced Haverhill's portion of the budget and increased the portions to other member communities. Those are two of the significant factors in how the money has been allocated according to the assessments. You spoke about a \$12,000.00 per student cost. That is not the cost per student for a student at Whittier. That is in addition of the cost that the state sets for each community and the cost allocated per student. So it is not a true per student cost. Newburyport's cost per student by adding their minimum required contribution and the cost for the 23 students that are there comes out to about \$17,000.00 per student. The actual cost per student, the last one we had which is in FY05 was about \$13,000.00 per student in total. That ranks somewhere below the midrange of all the vocational schools in the state of Massachusetts. We have always been below average in terms of our per pupil expenditures in comparison to other regional vocational schools state wide.

Councilor Brennick: Because of MCAS I recall from past years your student attendance have gone down, is that correct?

Mrs. Sarkesian: No. What had happened was we got to big. We had over 1400 students and our building capacity was 1200 so we intentionally reduced the amount of students we accepted and therefore, less school choice students. That is why the last couple of years you have seen a shift from the money that school choice paid for. That created some of the confusion of the line items. I think in the future we would make sure that whatever is listed in the budget at the time, even though people don't get their raises until July, we will make sure that we will make that notation so that people will know what that actual salary is.

Allen Neale: You suggested that a little over half a million was coming out of the E & D Fund and that you typically reserve 5%; 5% of what?

Mrs. Sarkesian: It is 5% of the budget is what you can reserve. We only have 1.5% at this point.

Mr. Gilbert: Our E & D fund is effectively what municipalities call Free Cash.

Mr. Neale: You take the money out of that fund and say you find yourself not in a favorable position in some future period relative to bond rating, you could ask for an increase in that fund so that you do have a favorable bond rating?

Mr. Mahoney: Consistent with what Mr. Gilbert said, the excess and deficiency fund for regional school districts is a kin to Free Cash in a community. Basically, how free cash is created is a combination of revenues in excess of what was budgeted and appropriations that are unspent as of June 30. If we have appropriation turn backs it goes into E & D. By law E & D cannot exceed 5% of the succeeding year's budget. If it exceeds 5% that amount needs to be returned by way of assessments to the communities. In FY04 Whittier had a 7.01% E & D balance as of June 30, so Whittier refunded \$312,000.00 to the communities because we had too much by law in our E & D account. We try to manage that account to be somewhere around 4% or 4 ½ % because we do not have a reserve fund, we do not have a stabilization fund; it is our only resource to go to for a capital improvement or an extraordinary emergency basis. Some idea of what we have done with it over the past few years is we bought a school bus, we renovated our track out back, technology equipment, shop equipment, elevator repairs and maintenance and this year the committee made a conscious decision to set aside \$500,000.00 to do a science lab renovation over two phases to minimize the impact on community assessments or the need to borrow. We are very sensitive to what is going on out there in the district. By doing that we have put the E & D fund in a precarious situation because we are projecting to only have 1.5% left. We are not funding salaries out of this, we are not funding on going utility costs, we are trying to reserve for maintenance, capital and non-reoccurring.

Mr. Neale: There is a line item that says investment earnings \$65,000.00; is that where the earnings comes from or is there someplace else that you have money that is producing investment earnings?

Mr. Mahoney: The \$65,000.00 is investment income on our on-going cash flow. We will issues assessments to the communities and when they pay us we invest it. We project against \$65,000.00. If we get more than that the excess will go into the E & D account. We also generate income off our grants, our shop accounts, our automotive areas that do work, our restaurant; they are ongoing shops where we collect fees for our services.

Mr. Neale: I am sorry that your contract was held up; are there other contracts to be held up?

Mrs. Sarkesian: No, the salaries that are contractually done are like that but there are some salaries based upon evaluation so that goes before the school committee with a recommended raise based upon a persons performance and that is not done until the end of June. The Business Manager is still to be determined. That will be done in June.

Audrey McCarthy: Tonight is the first time I have heard of cuts to be made in June. In reading the introduction letter that is in the front of your budget I would have thought that would have been a nice thing to put in there so that we would all know that although they are asking for our approval of this total budget that there would be possible reductions in the future and that is not in there. In addition I just wanted to elaborate on the comment that other communities have set aside their money. My understanding from Ipswich who I spoke to personally is they have set aside the money based on last year's assessment. They did not approve this budget. My understanding from Representative Costello's Office is that is the exact same situation in Georgetown. They have set aside the money based on last year's assessment; they did not approve this budget so in fact there are currently three communities that have voted against it. I know on the night that this budget was approved by the School Committee members there was a question asked and I am not sure that it was ever answered. One that I know our City Council is going to ask; is a question of project accounts that possibly the project has been completed but the accounts may or may not have been zeroed out. I don't know about Amesbury but in Newburyport, we require our department heads and our schools to notify us of grants and/or matching grants that they receive. Maybe it is the time too when we are working collectively as communities to maybe have a policy in all of our communities about being aware of what grant moneys are coming in and if any of them are matching grants exactly what that matches. There are many questions that remain unanswered for us and I don't want to take up your time but I just wanted to touch base on some of those that were brought up tonight.

Mrs. Sarkesian: I was disappointed that Newburyport did not allow us the opportunity to speak before them before they did vote on our budget and we could have answered those questions. There were a couple of members who asked for some information and we did send it. As far as projects being closed out; there are no on-going projects. We get a detailed analysis of any accounts that we have. It is important to point out that being a

city you do have the option of waiting longer than a number of the towns or us as a regional school on really knowing what your numbers are. I gave the historical perspective that we do look at the budget every year in June because our state aid is different. When we do the budget in January and February to get it out to you, I can only use the State figures I have at the time. I can't tell you if the Senate is going higher or lower or things of that sort. Whatever you have in the budget at that time; it just shows that the School Committee is going to be determined to still look at it to see if there is going to be any cost savings. The communities; yes they did vote down the number but they did set aside somewhere else in their budget so when the budget came back they would not have to go through the expense of another town meeting.

Mr. Gilbert: I am not aware of what Ipswich did but in Georgetown they allocated in their budget a specific line item for Whittier that was the same amount as the prior year. For Georgetown that would not meet their minimum required contribution anyway. They then allocated the remaining amount of money into their Reserve account so that they could then do a Reserve Fund transfer to pay the bill rather than have another town meeting.

Councilor King: The mention of additional cuts in June; how would that reflect? Would the money be returned to the communities?

Mrs. Sarkesian: What happens is that we have our Senate figure now and we have a better picture of what the aid is, we will go back to the committee and whatever they cut would reduce the assessments.

We are all seeing reductions. My state aid has been reduced \$616,000.00 since 02 or 03. I am sure the same thing is happening to you. I don't like surprises and increases and usually out of eleven towns somebody isn't happy with their state figure. It is not what we have done with the budget because they are just a certain percentage with the state aid figure. If there are discrepancies they are unpredictable. People need to get together and let their Legislators know that our area has been under funded compared to other areas in state aid. It is just not state aid for us and schools but for the communities as well. With the increased mandates; MCAS, No Child Left Behind and Special Needs costs to name a few, if they don't give us the money for that it is born to the tax payers. Also, when they do change the formula, they need to tell us ahead of time. That information goes out in January so if there is an increase in net school spending you should realize that is going to happen again. Something should be done for towns or cities that get an inordinate increase such as they do with pot hole money because sometimes the amounts are extraordinarily large and it is a large figure for towns to bear and it is hard for all of us to predict what is going to happen and it doesn't help with our long term planning or long term budgets.

Charles LaBella: I am a representative for Amesbury to the Whittier Vocational. The Vocational School system; there are two assessments that a student must pass. Not only do they have to pass the MCAS but they have to pass the assessment in their area whether it is electrical, plumbing or cosmetology. Therefore the amount of input is highly regulated to make sure that each student is qualified to pass both of these. As you well know, a few years ago in the MCAS assessment, Whittier was fourth from the bottom of

the state and based with the leadership of the administration and the support of the school committee from all of the towns there was an aggressive program which does cost money to bring up these MCAS scores. Some of it was summer school, some of it was changing the curriculum, some was class sizes but as of this date within a very short time being under the watch on a monthly basis by the state we are now off the warning list. We are now higher than the state average. Also, once students do graduate, they have to be successfully placed in their area or go on to an accredited college or go on to the military in their field. That is another basic criteria that the school deals with. I support the budget. I would invite anyone to come and see what you are getting for your dollars. The per pupil cost among all the vocational schools is probably about half way up with Lexington Vocational being the highest at over \$20,000.00 per student. We have been trying to reduce funds in the areas that we can but I feel it is the purview of anybody that is on the school board to keep the students main education in line first and hopefully we can fund it as it seems fit.

Jane Snow: I have a problem with some of the data that is put forth. I am in education and I am a Guidance Counselor so I am very familiar with the vocational schools and I do support them. I do think they do a great job for a lot of kids. The area that I am seeing a problem with is that right now at Whittier you have approximately 947 students in that school with some school choice kids. You have a superintendent that is making approximately \$150,000.00; an Assistant that is making approximately \$147,000.00; a Principal at \$131,000.00. That is \$428,000.00 in administrative costs for approximately 1000 kids. I think that is administrative heavy when you think in terms of your standard fee for a superintendent in any community is about \$145,000.00 at this point so they are well within their realm but if you look at your Amesbury Superintendent, how many schools do they have underneath them? How many Principals do they have underneath them? How many students are they responsible for? That is the biggie. All students at this point are struggling with MCAS whether you are in public schools or private schools. I know if many of you can remember back two years ago, there has been a major switch in your vocational schools and that normally a lot of the kids who were special ed kids who looked to the vocational schools to get their training to be their education are now not being accepted at the schools. They are being very selective and they have to be because they have more standards that they are being held to. Amesbury's share of the Whittier budget is \$710,000.00 and if you stop and think about that; we have 88 students that go; I begin to question what kind of a program we could offer them as an alternative here for that kind of money. I can tell you that in many school systems, that's the way they are helping to defray their budgets especially with special ed. kids. They are taking the amount of money that it would take to outsource these kids and creating programs within their own communities.

I was looking at the front of the book and I noticed the names of a lot of the School Committee people. Are any of the people who are on the School Committee employed by the Whittier School System?

Mr. Gilbert: No member of the Whittier School Committee is employed by the Whittier School District. That would be illegal. I am an employee of the Mass. Association of School Committees. I am a Field Director. My job as a Field Director is to work with

School Committees and Superintendents around the state. I conduct Superintendent searches; I do policy work and I am very familiar with the salaries of Superintendents and Administrators and the lack of quality candidates for those positions. That is why the salaries, especially in vocational schools, have risen dramatically over the last few years. Not only do we have a lack of quality and quantity of candidates for these positions state wide, within the vocational realm you need to be vocationally certified as well as being certified academically. That pool of candidates is even smaller for people to do that work. We have been under watch with EQA, the Executive office of Quality and Accountability for underperformance for the last two years. We have worked very closely with the Department of Education and the EQA folks over the last three years and they have examined every facet of our budget and our operation and our structure. Not once has there been a question of the number of administrators, the salaries of the administrators or the quality of the administrators that we have. One thing we do is work very closely with the administrators with the School Committee to ensure a very stable and quality administration. That means that we have people who have been at Whittier for a long period of time which is something that you don't see in other school districts. Part of the reason we are able to do that is we are very cognizant of performance. We evaluate all of the administrators and we adjust accordingly. I don't think our salaries are out of line with what people doing the same work in other school districts; especially in vocational school districts; are being paid.

With regards to the issue of Special Ed. Students; we take every student who meets the qualifications. The qualifications were imposed upon us by the state of Massachusetts Department of Education. If students meet those requirements we take those students. We have a higher percentage of special needs students than any of our sending districts. In addition there is no vocational or academic school that has created in the last five years a vocational program that meets the criteria for Chapter 74. There are a number of places that have created vocational programs for special need students but they are not Chapter 74 certified and would not fall under the Department of Education regulations for a certified vocational program.

Mrs. Sarkesian: I am a former Guidance Counselor myself. The admissions process is a blind process. When students are rated on grades, attendance, behavior, the grades don't say special ed. class or non special ed. class. If you get an A you get an A, if you get a B you get a B. That is done intentionally and done on the state admissions process. We are not only an educational facility we are a technical training facility as well and that is what people are paying for as well.

Councilor King: The paper that you gave us; are these individual positions?

Mrs. Sarkesian: Yes, each one is a position and it also shows the shift of the changes that we made in reductions with retirements and administration as well.

Councilor Brennick: Three years ago the average tax bill cost the Amesbury taxpayers \$100.00 per year and now we have reached the \$200.00 plateau. Audrey McCarthy talked about grants and I didn't hear an answer.

Mrs. Sarkesian: All of the grants and things we do are with the School Committee. We don't have any matching grants that we are entitled to pay a certain amount of money. Our grants that we get are entitlements and there are no matching formulas and the School Committee is well aware that we bring in over \$1 million in grants and we are one of the few schools in the area that get E rate money as well. That is between the administration and the School Committee.

Mr. Gilbert: You receive from us annually because we are required to by law, an audit report. Our grants are audited on an annual basis. Our functions are audited and all of that is in that report that you get annually. Whether you individually get it I am not sure but we send it to every city and town. We send it probably to the Mayor's Office here and in towns to the Town Managers. We are not however a department of any of the cities and towns that are members of the districts. We are a separate entity. Therefore, we are not required to report every instance of a grant to all eleven communities. We do put into our budget process the discussion in terms of revenue what grants we are getting. If we have to match that it would be allocated in there. In terms of the tax base issue and what it costs to an individual tax payer, that increase is there because the burden has been moved by the state from the state income tax to the local property tax.

Councilor Lindstrom: When we received the budget from our school department the grants are included in the top number of the actual budget so that the grants are deducted. We are not seeing the grants at all in this? They don't show?

Mr. Gilbert: No. They are not allocated in our budget.

Councilor Lindstrom: Then this isn't your full budget.

Mrs. Sarkesian: Yes, this is the full budget. The grants pay for other positions.

Mr. Gilbert: It is not in your assessment but it is included in our bottom line budget.

Councilor Lindstrom: So we don't see what your actual budget number is.

Mr. Gilbert: No. We can certainly add that to it if that is what you would like. I will tell you that our grants as well as everybody's have been reduced because the state has consolidated it's funding into Chapter 70. So there aren't as many state grants out there that we have access to. Federal Title 1 and Perkins money has been reduced dramatically over the last couple of years so that money has been reduced in terms of what we have been seeing coming from both the Federal and State government to us. We would be happy to provide that information.

Councilor Lindstrom: What is your actual budget then?

Mr. Gilbert: There are three allocations that come as part of the assessment to the member communities. One is based on what the state says; that is the minimum required contribution. Two are based on what the original agreement says. One is the per student

cost of our operating budget. The other is any capital costs and debt service. They are allocated differently. The operational costs are allocated based on the number of students you have at Whittier. Capital and Debt Service is based on the number of school aged children that are counted in your community. That was also one of the reasons why we as the Whittier School Committee chose to take the money from E & D for the science lab project. The allocation of the funds for that \$500,000.00 would have been much higher for all of the communities except Haverhill had we allocated that money in our budget as a capital item as opposed to taking it out of E & D.

Mr. Mahoney: We have just over \$1 million in grant related funds. We fund out of that about 9 full time staff position and 4 paraprofessional aide positions.

Chris York: On line #1110.6 it is an increase of 26.9%. The Superintendents salary shows an increase of 22%. The Teacher's salaries only increased 2.5%. The Business Manager shows an increase of 29.1%. The Assistant Superintendent who is taking on another role does not show a decrease from the other position that was eliminated. The Principal's salary increased 24.5% and there is a Data Assessment Coordinator which is a position added that didn't exist. The teachers deal with the same special needs kids that the administration does and there is a 2.3% increase over last year. If this budget doesn't represent the actual numbers why is it in front of us? That is why I voted it down. There are no descriptions in here and it should be voted down.

Mrs. Sarkesian: I will go over it again. When the budget was sent out in January; that was the number that was there. The School Committee increase is due to a new Auditing Firm. If you look at mine and look what was expended in 05 that was my salary in 05, \$128,351.00. What you budgeted the following year was \$137,090.00. That was done in January and we were in the middle of doing my contract. When the contract was done, the actual amount at the end of the fiscal year, because this line item says budgeted not what was expended at the end of the year, the School Committee re-did my salary and it was \$145,000.00. Next year my salary is \$150,000.00. The reason you see the \$6,500.00 is other benefits in the budget besides my salary that was paid by school choice before. We had to take the \$463,000.00 that School Choice paid which is the next to last page of the book; we had to put that back into the regular part of the budget. What we should have done was put that in another line item so that you wouldn't see that as a salary thing but it would still be under my name.

Mr. York: What items?

Mrs. Sarkesian: There were people's other benefits that were being paid by school choice not assessed to the communities. That is not a new figure; that was already there. What you see is a transfer from one item of the budget to a new area. It is not something new or additional. It is the same thing with the Business Manager's salary.

Councilor Lawrence: His question was what is in the \$6,500.00. What does that cover?

Mrs. Sarkesian: Other insurances and longevity.

Mr. Neale: That is why it is very important to see every dollar of expenditure that goes into providing the educational costs to the students at Whittier and total means and all of the ways that you derive income to pay it.

Mr. Sarkesian: Again, that was a transfer and that is how that happened and the same with the other salaries as well and the same with the Business Manager and the Assistant Superintendent, there is two not one.

Councilor Thone: Did your salary go from \$128,351.00 in 05 to \$150,000.00 in 07?

Mrs. Sarkesian: The one that was budgeted at \$128,351.00 was budgeted before they did my salary increase so that year my salary ended up being \$132,000.00.

Councilor Thone: It says expended. Why wouldn't it reflect what was expended which you are saying is \$132,000.00?

Mrs. Sarkesian: I think that was the year they had to do my money retroactive.

Councilor Thone: That is about \$22,000.00 in two years.

Mr. Gilbert: That is correct. Her contract was up and we had to re-write her contract. We went out and looked at what the market was bearing at the time we re-did the contract and we extended her contract for three additional years and we set the salary in the contract for the next three years. She will receive \$145,000.00 for FY06; \$150,000.00 for FY07; \$155,000.00 for FY08 and \$160,000.00 for FY09. Her salary is set in her contract for all of those years. We do that three or four years at a time and when it is up for renewal we go back and look at what the market will bear. Generally what happens it that get frontloaded in the first year of the contract and the School District makes out over the out years.

Councilor Lindstrom: To the number of \$150,000.00, the budgeted is \$156,500.00 with a negative \$7,600.00 underneath. Please explain to me what that means.

Mr. Gilbert: The \$6,500.00 is the additional benefits that were moved from school choice money to the budget. It is not her salary they are additional benefits. It is compensation but not salary. The \$7,600.00 is an allocation from that total amount of \$156,500.00 pulled out back to the transportation so it is allocated for reimbursement from the state of which we would get 75% back from the state.

Councilor Lindstrom: Where all of the parenthesized numbers are underneath salaries that respond to the transportation or buses and we find that in the buses does that happen in other areas of this too?

Mrs. Sarkesian: No, it is only for transportation and we are unique in that because we are one of three school systems that run our own buses.

Mike Greaney: I am listening to all these numbers and hearing about all these raises. I have lived through one depression and right now I am living through my second. I just had to take a two day a week job to supplement my taxes. We have been suffering choice in the town of Amesbury for the last three or four years. We have a school that we can't even get finished and we don't know what that is going to cost. We have mandates coming from the state and they are not supporting them. We are not getting the state aid. Where does it stop? Is there ever a top to these top paying jobs? These raises are not affordable to the town of Amesbury. I ask the Municipal Council to vote no.

Jane Snow: I would like to see the actual figures of how many kids from Newburyport and Amesbury do apply to the Whittier and then the actual number of students that do get accepted. Another concern is that the kids in Newburyport and Amesbury pay for their athletic fees and they pay busing fees and I do think that is something we need to be aware of. One thing that pops out at me being a Guidance Counselor is the fact that for Counselors the budget is \$257,000.00 for approximately 1000 kids. I am one Guidance Counselor to 450 kids. There is a person for in house suspensions with a significant increase; there is an attendance person that is a relatively new position with a significant increase. I guess what I am saying is that I ask the Municipal Council to carefully look at this before you pass it.

Jack Luz: I see what is happening in our town and I read the newspapers about what is happening in all of the other towns. They all say that Chapter 70 money is at fault. That is a trend. It isn't going to get better. People cannot support this year after year increases.

Mr. Neale: You want to take \$500,000.00 out of an account that really can't support taking it out of. What that means to me is that \$500,000.00 becomes a direct payment by us through excess payments and our 10% of that is \$55,000.00. That is one heck of a hit in any one year and you may be taking that from a future period but nonetheless you have to get that back up to a certain level so that you can maintain your rating. Just because you have an account balance with so much in it; the moment you take that money out, it puts pressure on you in a subsequent year to over collect your income over your expenses. I think that is a poor position to put any group of people in; to have to over collect to pay for a capital expenditure that should have been bonded.

Councilor Lawrence closed the public hearing.

Councilor Benson: Councilor Brennick showed me what he had written down; Amesbury cost is for the last five years. In 03 it was about \$400,000.00. This budget has roughly tripled in the last five years. I don't care who we need to blame; the state or the cost of an administrator or the price of gas, I don't care. We can't afford it. That is my role sitting here is to look at this expense and say can we afford it? That is this Council's role. Do I have issues with some of the line items, sure, but that is not my role. That is the role of the School Committee and it is their job to do that and we should let them do that. With you coming to me and asking this question, my answer is going to be no. I see this as something that we just can't afford. It is unsustainable for everyone. I would ask my fellow councilors to vote against this.

I would move that we reject the Whittier Assessment and request that the Whittier School Committee come back with an increase that is 2 ½ % or less in the bottom line of their budget.

Councilor Brennick seconded.

Councilor Lawrence asked for a roll call vote.

Councilor King asked for clarification of the way this should be handled to make sure that this is being done correctly.

Mr. Basque: If you vote to reject their assessment and you go through and vote our budget, you would have to remove the Whittier Assessment from the Other Assessment budget. If we do that then when Whittier sends out their budget and whatever that number comes to be we would have to do a supplemental appropriation so that we could pay the bill at that time. We don't have to call a town meeting or anything. It has never been done so thinking that through that makes sense to me that would be the process.

Councilor Benson: When I spoke of 2 ½ %, obviously they can't control our contribution but our contribution is directly reflected in what their bottom line is.

Mr. Gilbert: Our bottom line cannot be a 2 or 2 ½ % increase because our minimum contributions amounts greater than 2 1/2 %. The state says you have to spend....

Mr. Basque: Each community has to meet their minimum contribution so in fact some minimum contributions are going to go up more than 2 ½ %.

Councilor Benson: Is our minimum contribution \$710,000.00?

Mrs. Sarkesian: Yes. It is up \$70,769.00 from last year. That is what the state said.

Councilor Benson: What is our contribution this year; \$1,142,000.00?

Mr. Basque: Yes, the minimum contribution is \$710,000.00. You're okay with your vote however when they come back it may not meet what you are saying you want right now. What the School Committee is saying is that they probably won't be back here at a 2 ½ % increase and then you will have to make a decision again on what you are going to do. In the end when this all plays out we are going to need to vote a dollar amount at some point in time. We can do it as a supplemental; the Mayor can file a supplemental because we can do it rather quickly because we make quarterly payments. Just so that you know that down the road that is what is going to have to happen.

Mrs. Sarkesian thanked the Council for their time and asked if next year as they had done in the past, meet with the Finance Committee ahead of time to go over the budget line by line to answer any of these questions ahead of time

Councilor Benson: My motion was that we reject the Whittier Assessment and request that the Whittier School Committee return with a budget that shows a 2 ½ % or less overall increase and it was seconded by Councilor Brennick.

The Clerk called a roll call vote:

Councilor Lindstrom: Yes.

Councilor McClure: Yes.

Councilor Thone: Yes.

Councilor Benson: Yes.

Councilor Brennick: Yes.

Councilor King: Yes.

Councilor Lawrence: Yes.

Councilor Lawrence stated that the only other business was to accept the resignation of William Brooks from the Finance Committee.

Councilor Benson motioned to accept the resignation.

Councilor McClure seconded and it was voted Unanimous.

Councilor Lawrence stated that at this time he did not have an appointment to fill the vacancy so they would not be acting on it tonight.

Councilor Benson motioned to adjourn at 8:45 p.m.

Councilor Thone seconded and it was voted Unanimous

Respectfully submitted,

Sharon Dunning
Administrative Assistant